



## Office of Insurance Management

Idaho Department of Administration

March, 2001

# Designing the Best Health Care Plan for You

The State of Idaho's current medical and dental plan contracts are effective through June 30, 2001. Before making a decision to renew these contracts, the Office of Insurance Management is conducting a competitive analysis to determine if these plans still offer the right mix of benefits options for our group.

This evaluation, known as *remarketing*, takes many factors into consideration. By sharing the process with you, we hope to show how the decisions resulting from the remarketing are made with you and your family in mind.

### How the Insurance Plan Works

The basic principle of a "group insurance" plan is to spread the "risk", or medical/dental costs of a large group over all participants. The result is a more affordable monthly premium for all, which particularly benefits employees who need a higher level of service.

Statistics tell us that our employees need to use their benefits as a result of a catastrophic medical illness (or accident) in one out of every ten years. And the higher the age of the employee, the higher level of claims that are submitted. Currently, the average employee age on our medical plans is 45.

### How the Plan is Funded

Nearly 70% of all eligible employees are currently enrolled in our BlueShield Module 2 plan. While this module has higher deductibles and annual out-of-pocket maximums, it has the lowest payroll deducted premium. Of the other two options, nearly 30% of employees chose BlueShield Module 1, with just a little over 1% choosing the HMOBlue Point of Service plan.

In addition to the premium deducted from the employee's paycheck, the state also makes a monthly contribu-

### The Evaluation Committee

The committee includes stakeholders representing various interest groups:

- Outside consultant and actuary
- Private sector representatives
- State purchasing representative
- State human resources representative
- Insurance management staff

Our goal is to find the best benefits options for our growing enrolled membership,\* which is composed of the following three segments:

<b>Employees</b>	18,841
<b>Retirees</b>	2,846
<b>Dependents</b>	25,443

(\*statistics as of 7/1/00)

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### REGENCE BLUESHIELD OF IDAHO NON-PARTICIPATING PROVIDERS

The state's BlueShield plans provide for payment of 80% of a non-participating provider's total billed charges when you are unable to choose a participating provider. Examples of these situations include:

- Emergencies when you are unable to choose a participating provider; or
- Instances when a non-participating provider is the only source of services.

Check your Explanation of Benefits (EOB) to ensure you have received this benefit to which you are entitled. If for any reason you feel that your claim has not been paid appropriately, please contact the Office of Insurance Management immediately so we can investigate for you.

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# DESIGNING THE BEST HEALTH CARE PLAN FOR YOU

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tion toward the cost of the medical/dental coverage for each employee. This amount is the same for each employee, regardless of the plan the employee chooses. The current monthly contributions by the State of Idaho are \$328.23 for medical coverage and \$12.33 for dental.

## *The Remarketing Process*

Before beginning the remarketing process, the Office of Insurance Management first identifies the benefits desired by the majority of our enrolled membership. To do this we look at:

- “Claims statistics” which identify benefits usage by our group members
- Input we have collected from our group members during the past year

Once this is done, we send Request for Proposals (RFP) to a wide variety of prospective vendors. This year we have solicited RFP responses from nineteen (19) carriers.

When evaluating RFP responses, the Evaluation Committee needs to consider a variety of factors. While the main factor is the financial stability of the insurance carrier, two other considerations are also important:

- **ACCESS.** The state carefully reviews an insurance carrier's provider network to ensure it will offer the coverage members and their families need.
- **SERVICE.** Whether following-up to a question from an enrolled member, or responding to a request from the Office of Insurance Management, the carrier's ability to respond to the unique needs of our members and the State of Idaho is a priority that cannot be stressed enough. We want our members to get the answers they need in a timely and courteous manner.

## *Communicating the Outcome*

The remarketing process will lead to one of two outcomes: either the state will continue to offer medical and dental coverage through Regence BlueShield of Idaho and Delta Dental or the state will change to new carriers effective July 1, 2001.

In the event the state changes carriers, we will communicate this change in the next Open Enrollment/Renewal Guide due out the end of April and hold employee meetings to discuss the new plan(s).



## Use Your Flex Spending Account To Customize Your Benefits Package

In striving to design the best medical/dental package for our enrolled members, the Office of Insurance Management is continually balancing the need for a customized approach with the cost savings offered by a plan that focuses on serving the highest priority needs of the majority.

To reap the advantages of both approaches, the Flexible Spending Account (FSA) is a valuable tool for gaining a customized approach. And best of all, it is a tool that many members are using right now.

Many medical costs not covered by your benefits program are eligible to be paid with pre-tax dollars that you deposit into an FSA. This **reduces your taxable income**, which lowers the amount of Federal and State taxes deducted from your paycheck. Plus, it ensures you have money to pay for eligible expenses as they occur. You can enroll in the FSA during the annual medical open enrollment.

FSAs work like checking accounts.

1. Decide on the total amount to be set aside in your FSA for the entire year. (Calculate carefully because this account works on a “use it or lose it basis.”)
2. Pre-tax “deposits” will be automatically deducted from each paycheck and placed in your FSA.
3. Pay for the medical costs as they are incurred and you will be reimbursed directly from your FSA account with the tax-free dollars you “deposited.”

The following working example shows how you can tap into the power of FSAs to customize your benefits program and save you money.

Don noticed that his hearing was declining. An evaluation by his doctor showed his hearing would improve with the use of a hearing aid. Don decides to purchase one in the coming year. The cost of this device, \$600, is not covered by his Medical Plan, but it is an eligible FSA expense. By authorizing a \$25 deduction from his paycheck into his FSA account he saves the necessary \$600 with tax-free dollars during the year. After submitting a claim form for the hearing aid, Don will be directly reimbursed from the money he deposited into his FSA account. In addition to receiving a hearing aid, Don will have saved money too!

# No, It's Not A Bill!

## The Anatomy of an Explanation of Benefits Report

While Explanation of Benefits reports may never hit the bestseller list, they are full of valuable information to help you track your health care expenses at a glance. In addition to clearly explaining how a patient's benefits were applied to their health care bill, they also summarize the year-to-date deductible amount.

Understanding how to read your Explanation of Benefits reports gives you the answers you need, or the areas you need to focus on if you need to call for additional information regarding your claim. For example, the first couple of items show the date-of-birth of the patient and the claim number of this report. If you have questions on a claim, these two items will help Regence BlueShield of Idaho provide you with quick service. Please refer to the following explanations for information about each numbered area.

- 1 Patient name.
- 2 Date-of-birth of the patient.
- 3 Claim Number for this report.
- 4 Name of the health care professional.
- 5 Place of service.
- 6 Description of the service received.
- 7 Date service received.
- 8 Total amount of charges billed by the provider.
- 9 The allowable amount the provider has agreed to accept by signing a contractual agreement with Regence BlueShield of Idaho to be a participating provider.
- 10 Amount that is applied to the patient's yearly deductible (if applicable).
- 11 Amount the patient is responsible for.
- 12 Amount that is not eligible for benefits. Two common reasons for amounts in this column are charges for services not covered under your benefits plan and charges that exceed the usual, customary, or reasonable allowances.
- 13 Date EOB is sent.
- 14 Subscriber's ID number.
- 15 The total amount Regence BlueShield of Idaho paid on this claim.
- 16 Amount on this claim the patient owes to the provider. This will be the balance of the eligible charges plus noncovered charges (number 12) that you are responsible for paying.

### Save These Reports!

Your medical benefits are an important part of your compensation package. Please be sure the dates of service, provider name and the services provided to you or your family member are correct. It is also important to retain these reports for your records. You may be eligible for tax write-offs on the percentage of the claim that was not covered by your medical plan or you may need to submit them for your FSA. If so, these reports will verify the out-of-pocket costs you incurred.

**Explanation of Benefits**  
This is NOT a Bill  
Retain for Your Records

**Regence BlueShield of Idaho**  
1602 21st Avenue \* P.O. Box 1106  
Lewiston, ID 83501-1106 \* Tel 208-746-2671

(13) Date EOB is sent: DATE 3/7/2001  
ID# 123456  
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(7) Date service was rendered: Jane K Doe  
1234 Main St  
Anytown ID 83999

(8) Total amount provider charges for services rendered: 30248

(14) Subscriber #

Patient	Date of Birth	Date of Service	Provider Name	Place of Service	Provider Charges	Allowed Amount	Applied to Deductible	Coinsurance Copayment Amount	Noncovered Charges	Regence BlueShield of Idaho Payment	Patient's Responsibility Please Pay Provider	Audit Code
Mary	3/4/1966		Dr. Smith	Medical								
99299-42105-001			Dr. Smith	Medical								
** CLAIM TOTAL **												
Mary	3/4/1966		Dr. Smith	Medical								
99306-00245-001			Dr. Smith	Medical								
** CLAIM TOTAL **												

(1) Patient  
(2) Date of birth of member receiving service  
(3) Claim Number  
(4) Name of Health Care professional  
(5) Place of Service  
(6) Description of Service

(11) % of bill that patient is responsible for  
(10) Member's deductible has not been met. This amount is applied to deductible  
(9) Regence BlueShield of Idaho's contracted fee allowed  
(12) Not covered  
(15) Amount of Regence BlueShield of Idaho's reimbursement  
(16) What the patient owes to the provider  
(17) Audit Codes that apply to this EOB

\* PATIENT NOT RESPONSIBLE FOR DIFFERENCE BETWEEN PROVIDER CHARGES AND ALLOWED AMOUNT

(18) AUDIT CODE DESCRIPTIONS  
775 APPLIED TO MAJOR MEDICAL DEDUCTIBLE AT CUSTOMARY ALLOWANCE  
776 AMOUNT PAYABLE AFTER DEDUCTIBLE  
738 PATIENT IS RESPONSIBLE FOR 20% OF ALLOWABLE FEE

\*\*\* INDIVIDUAL 1999/2000 CONTRACT YEAR MEDICAL DEDUCTIBLE SUMMARY \*\*\*

MARY 100.00  
(19) Amount of Deductible currently satisfied

- 17 Audit codes will appear here if any apply to this claim. See number 18 for a description of any audit codes that appear.
- 18 Description of the audit codes if any apply to this claim.
- 19 Summarizes the year-to-date amount applied to the patient's deductible.

# For More Information Regarding Your Benefits



Review the Employee Group  
Insurance Handbook  
online at [www2.state.id.us/  
adm/insurance/index.htm](http://www2.state.id.us/adm/insurance/index.htm)



Call the Office of Insurance  
Management at  
(800) 531-0597 or  
(208) 332-1860 or  
email us at [ogi@adm.state.id.us](mailto:ogi@adm.state.id.us)



To speak directly with an insurance carrier,  
please call any of these numbers:

Regence BlueShield of Idaho at  
(208) 746-2671

Toll-free at (800) 632-2022

HMOBlue at (208) 331-7319 or  
(800) 627-6654

Business Psychology Associates Hotline at  
(208) 343-4180 or (877) 427-2327

Delta Dental Plan of Idaho at  
(208) 344-4546

This publication presents general benefit information.  
In the event of any conflict between the information  
in this publication and the Plan provisions, the Plan  
documents and insurance contracts will govern.

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